United Nations E/CN.7/1999/19

Economic and Social Council

Distr.: General
7 October 1999

Original: English

Commission on Narcotic Drugs
Reconvened forty-second session
Vienna, 30 November-1 December 1999
Agenda item 10
Administrative and budgetary questions

Implications of instituting a results-based budget for the Fund of the United Nations International Drug Control Programme

Note by the Secretariat

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Summary

The Economic and Social Council, in its resolution 1999/30, stressed the importance of strengthening the financing of the United Nations International Drug Control Programme. In section III, paragraph 6, of that resolution, it requested the Executive Director "to analyse the implications of instituting a results-based budget for the Fund of the United Nations International Drug Control Programme, including the identification of possible performance indicators, taking into account the practices of other funds and programmes of the United Nations system, and to report to the Commission at its reconvened forty-second session". The present note contains a discussion of the issue and outlines the proposed course of action by the Secretariat. In sum, the Secretariat proposes to adapt the current budget and performance reporting system to focus more on identifying and measuring results.

V.99-88575 (E)

I. Introduction

1. In recent years, the concept of results-based budgeting for public international organizations has been promoted following notable examples of its use by national Governments. The discussion of results-based budgeting is part of the wider debate on measuring the effectiveness and relevance of public international organizations. Consideration of the issue by States Members of the United Nations is ongoing in the context of deliberations on the regular programme budget of the Organization. Reference is made in particular to the report of the Secretary-General entitled "Results-based budgeting" of 15 October 1998 (A/53/500). The report of the Secretary-General provided the following definition: "Results-based budgeting, in the form proposed by the Secretary-General for implementation at the United Nations, is a programme budget process in which: (a) programme formulation revolves around a set of predefined objectives and expected results; (b) expected results would justify resource requirements which are derived from and linked to the outputs required to achieve such results; and (c) actual performance in achieving results is measured by objective performance indicators."

2. Approximately 10 per cent of the resources of UNDCP come from the regular budget of the United Nations. In preparing the budget proposal for section 15, international drug control, of the regular programme budget for the biennium 2000-2001, the Secretariat endeavoured to produce a document which, in addition to containing all of the detailed budgeting information provided previously (proposals for the establishment of posts, non-staff costs and specific outputs etc.), also included expected accomplishments. The intention was to provide Member States with a clear indication of what the results would be of their investment in the work of UNDCP funded by the regular budget. That proposal was reviewed by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Committee on Programme and Coordination (CPC) in June 1999. In essence, while the approach was welcomed, the view was expressed in CPC that the expected accomplishments could have been more specific, and achievement indicators should have been more clearly identified. ACABQ is undertaking an analysis of the proposals of the Secretary-General for results-based budgeting in the context of its consideration of the regular budget of the United Nations for the biennium 2000-2001. ACABQ will submit its recommendations thereon to the General Assembly at its fifty-fourth session. At the time of the preparation of the present note, the proposed regular programme budget for 2000-2001 had not yet been taken up by the General Assembly.

II. The practice of other funds and programmes

3. The Joint Inspection Unit (JIU), at the request of the General Assembly, recently prepared a report entitled "Results-based budgeting: the experience of the United Nations system organizations" (JIU/REP/99/3). In its report, JIU reviewed the experience of the various organizations with results-based budgeting techniques. It noted that the proposal before the General Assembly relates primarily to the use of results-based budgeting for the regular budget of the United Nations, and that a number of United Nations operational funds and programmes, funded by voluntary contributions, the United Nations Development Programme (UNDP) in particular, are introducing budgetary innovations focusing on a results framework and corporate goals. However, that report did not analyse the experiences of funds and programmes specifically. It did, however, provide a succinct summary of the experience of some 13 organizations on the issue, including the United Nations Secretariat, the International Labour Organization, the World Health Organization and the United Nations Industrial Development Organization.

4. In view of the fact that the United Nations Children's Fund (UNICEF), UNDP and the United Nations Population Fund (UNFPA) use the harmonized budget model, they are of particular interest to UNDCP in how they approach the subject. UNICEF is actively working on the results-based budgeting concept. UNICEF currently reports having prepared a medium-term plan designed to be results-oriented. That agency uses internal planning approaches that focus on the results to be achieved. However, the substantive results identified by those planning approaches have not yet been fully linked to financial planning figures, one of the key aspects of the results-based budgeting concept. UNICEF will also concentrate its efforts on ensuring more results-oriented management of its programme through, for example, better programme monitoring and evaluation. In UNFPA, results-based budgeting is under active discussion, and a paper analysing the concept of a multiyear funding framework based on a results orientation has been submitted to the Executive Board. The approach closely

follows that being pursued by UNDP. The aim is to incorporate the results-based budgeting concept into the planning and budgeting process. However, work is still in the formative stage. The concept is most advanced in UNDP. The multiyear funding framework is the tool used for that purpose. Discussions between the UNDP secretariat and the Executive Board on the multiyear funding framework are continuing on the issues of the scope and content of the reporting system. The results-oriented annual reporting system aims at clearly defining the objectives, subobjectives, outcomes and results of UNDP programmes, and at developing suitable indicators for measuring outcomes and results.

5. At their current stage of development, however, none of the above-mentioned efforts provides experience in implementing a nature concept from which UNDCP can substantially benefit. Nevertheless, the approaches being pursued appear to share one key common aspect. They each focus on achieving objectives and results that will be of benefit to the beneficiaries of the activities. They are not geared to measuring internal processes of an organization, as has sometimes been the case in performance reporting as applied to the regular budget of the United Nations.

III. Results-based budgeting applied to the Fund of the United Nations International Drug Control Programme

6. Unlike the regular budget of the United Nations, the budget of the Fund of UNDCP is organized in the following two parts: the biennial programme budget and the biennial support budget following the harmonized model used also by UNICEF, UNDP and UNFPA. The use of the harmonized budget model must be taken into account in applying the concept of results-based budgeting to UNDCP. Another key consideration is the fact that activities funded by the Fund of UNDCP take place within the context of specific technical cooperation projects, each with their own budget, activities and objectives.

7. The biennial support budget, by definition, mainly concerns activities required to develop, support, monitor and evaluate the programme of work outlined in the biennial programme budget. The support budget includes resources required to maintain the network of field offices and the Operations Branch, the Programme Support Service, the Fund Raising Unit and the External Relations Unit at headquarters, as well as basic management, administration and other support functions, such as auditing and support provided to field offices by UNDP. By its very nature, the main results that the support budget is to achieve will arise through the activities identified in the programme budget. For that reason, UNDCP will use the programme budget and not the support budget as the starting point to assess results. This approach appears to be fully in line with the other programmes using the harmonized budget methodology.

8. The biennial programme budget describes the objectives to be achieved with voluntary resources and the strategies to achieve them at the global, regional and country levels. Thus, the proposed initial programme budget for 2000-2001 contained in document E/CN.7/1999/18 before the Commission on Narcotic Drugs presents an outline of what UNDCP aims to achieve during the biennium in all drug control sectors and regions. Objectives are identified by sector and region, and are linked to estimated budget outlays. Those objectives are derived from the specific goals for the international community in drug control set by the General Assembly at its twentieth special session. The outcome of the twentieth special session constitutes a natural set of guidelines for the work of UNDCP. Indeed, they have been officially incorporated into the mandate of UNDCP via the medium-term plan. For example, the medium-term plan calls upon UNDCP to help Governments to eliminate or significantly reduce the illicit cultivation of the opium poppy, the coca bush and the cannabis plant by the year 2008 by providing technical assistance to support States in monitoring illicit cultivation in their respective territories through appropriate survey methodologies.[1] Thus, the intention is to measure the degree to which UNDCP is successful in discharging its mandated role of assisting Member States in reaching the goals and targets established at the twentieth special session. Reference should be made to the proposed initial biennial programme budget for 2000-2001, contained in document E/CN.7/1999/18, for specific indications of what UNDCP aims to accomplish.

9. Measuring progress towards objectives identified in the programme budget document can only be done through measuring results produced by the various projects that make up the biennial programme budget. Project-level objectives need to be identified that will themselves contribute to reaching the programme budget objectives, and thereby the goals and targets set by the General Assembly at the twentieth special session. Within

individual projects, achievement indicators should be identified for use in assessing progress towards achieving project objectives. The format and guidelines used by UNDCP to elaborate projects contain requirements for specific objectives, costed work plans and achievement indicators, as well as baseline studies when necessary. Further, in identifying ongoing and pipeline project activities for inclusion in the programme budget estimates contained in document E/CN.7/1999/18, the intention was to identify and prioritize project proposals whose objectives link closely with the targets and goals established at the twentieth special session. The Secretariat is confident that it has been, overall, successful in developing this linkage within the limits imposed by earmarked project funding. Section IV, entitled "Global monitoring, programme evaluation and reporting", of document E/CN.7/1999/18 describes the methodologies used to continuously assess the performance and results of UNDCP technical cooperation work.

10. Reporting on results achieved will take place at both the project and programme budget levels. On the one hand, summaries of individual project or thematic evaluations will be made available to the Commission. Those evaluations contain an assessment of specific results achieved on the basis of predefined objectives and performance indicators. A detailed report will be presented to the Commission at its forty-third session on the results of evaluations conducted in 1999. On the other hand, the results of individual evaluations will be aggregated, and—together with other information, including financial information—a programme performance report will be presented to the Commission on a regular basis identifying overall results linked to financial outlays. The Secretariat will endeavour to present more comprehensive, in-depth programme performance reports to the Commission (see document E/CN.7/1999/22). It is hoped that the combination of these methods will provide a practical, transparent system to enable the Commission to have a complete picture of the cost and results and achievements of UNDCP work.

11. In sum, the Secretariat will strive to adapt its current system to make it more effective in identifying, measuring and reporting on results and achievements. The Secretariat will also follow closely the work undertaken by UNICEF, UNDP and UNFPA in implementing the results-based concept, with a view to applying those aspects that yield practical benefits.

Notes

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 6* (A/53/6/Rev.1), para. 13.10 (a).